

HOUSE BILL 3512

By Kernell

AN ACT to amend Tennessee Code Annotated, Title 4;  
Title 5; Title 6; Title 7 and Title 9, relative to  
limiting local government debt.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-107(3)(A), is amended by designating the existing language as subsection (a) and adding the following language at the beginning of subdivision (a)(3)(A):

Subject to subsection (b):

SECTION 2. Tennessee Code Annotated, Section 9-21-107, is amended by adding the following language as a new subsection (b):

(b)

(1) Notwithstanding any other provision of law to the contrary, prior to any local government borrowing money, contracting debt or issuing bonds or notes for any project of the local government, if the debt of a local government exceeds ten percent (10%) of the assessed valuation of its taxable property or if the proposed borrowing or contracting or issuing of new debt would exceed ten percent (10%) of such assessed valuation, then the local government shall submit its proposal to the state funding board for review and approval in such manner as may be determined by the state funding board.

(2) The requirements of subdivision (b)(1) supersede §§ 4-31-413 and 4-31-514 and any other provision of law which would permit a local government unit to enter into loan agreements notwithstanding and without regard to any limit on indebtedness provided by law.

SECTION 3. Tennessee Code Annotated, Section 4-3-306, is amended by adding the following language as a new subsection (c):

(c)

(1) The state funding board is further authorized to establish policies and procedures to require that a local government submit for its review and approval any borrowing, contracting or issuing of debt by the local government if the debt of such local government exceeds ten percent (10%) of the assessed valuation of its taxable property or if the proposed borrowing or contracting or issuing of new debt would exceed ten percent (10%) of such assessed valuation, as required pursuant to § 9-21-107(b).

(2) As used in this subsection, the term "local government" has the same meaning as this term is defined in § 9-21-105.

(3) Such procedures may include a requirement that assistance and advice from the comptroller's office of state and local finance be provided to the state funding board in such review and approval process.

SECTION 4. This act shall take effect July 1, 2012, the public welfare requiring it.